

Case No. 16-1225

IN THE

Supreme Court of the United States

November Term, 2016

PATTEL, INC.,

PETITIONER,

v.

CAMMY GARDASHYAN,

RESPONDENT.

ON WRIT OF CERTIORARI

TO THE UNITED STATES COURT OF APPEALS

FOR THE FOURTEENTH CIRCUIT

BRIEF FOR PETITIONER

PATTEL, INC.

QUESTIONS PRESENTED

- I. In a trademark infringement action under § 1114 of the Lanham Act a nominative fair use test has been utilized by Courts, with varying results, allowing a defendant to use a plaintiff's trademark solely in reference to a plaintiff's products or services. When a defendant uses a mark for collateral purposes, expressing the inspiration behind a product, should the Court adopt a nominative fair use test as an affirmative defense defendant is entitled to despite a finding of a likelihood of confusion, or does this become a part of the likelihood of confusion analysis?
- II. A nominative fair use test balances the competing interests of the owner of the registered mark against a user seeking to convey information validly under the First Amendment. How should a nominative fair use test apply to the case at hand to preserve the property interests of the trademark owner against longstanding First Amendment principles?

PARTIES TO THE PROCEEDINGS BELOW

Petitioner, Pattel, Inc., a Bel Air Corporation, petitioned a writ of certiorari before the United States Supreme Court for review of the United States Court of Appeals for the Fourteenth Circuit's decision reversing the District Court.

Respondent, Cammy Gardashyan, appealed to the United States Court of Appeals, Fourteenth Circuit, having claimed trademark infringement pursuant to the Lanham Act, against Pattel, Inc.

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The June 5, 2016, opinion of the United States Court of Appeals, Fourteenth Circuit (No. 70593-2016) is reported at *Cammy Gardashyan v. Pattel, Inc., a Bel Air Corporation*, 1135 F.3d 759 (14th Cir. 2016). The opinion of the United States District Court for the Central District of Bel Air granting summary judgment pursuant to the Lanham Act in favor of the Petitioner is unreported.

STATEMENT OF JURISDICTION

Pattel, Inc. appeals the Fourteenth Circuit Court of Appeals' reversal which held that nominative fair use is not an affirmative defense reversing the decision of the United States District Court of the Central District of Bel Air's. The Fourteenth Circuit Court of Appeals had appellate jurisdiction over this civil action under 28 U.S.C. § 1291 entering a final judgment on June 5, 2016. Pattel, Inc. filed a timely petition for writ of certiorari. This Court granted the petition and has jurisdiction pursuant to 28 U.S.C. § 1254(1).

RELEVANT PROVISIONS INVOLVED

The relevant constitutional provision involved in this case is the First Amendment to the United States Constitution (U.S. Const. amend. I). The relevant federal statutory provisions involved in this case are: 15 U.S.C. § 1114; 15 U.S.C. § 1115; The Lanham Act, 15 U.S.C. § 1051; 15 U.S.C. § 1065.

STATEMENT OF THE CASE

This case arises out of a trademark infringement dispute between a Bel-Air Corporation, Pattel, Inc. (“Pattel”) and a famous celebrity, Cammy Gardashyan. R. at 355-57. After Pattel modeled one of its world famous Bambi Dolls after Ms. Gardashyan, she brought suit in the United States District Court for the Central District of Bel-Air, arguing infringement on Ms. Gardashyan’s signature mark, “CG CAMMY GARDASHYAN.” R. at 355-56.

I. Statement of Facts

Pattel creates and manufactures toys for the general public. R. at 355. Pattel has been in operation since 1961, and is incorporated in the state of Bel-Air. R. at 355. At issue in this case is Pattel’s production of a very famous toy: the Bambi Doll. R. at 356-57. Along with the world wide renown for its ‘original’ doll designs, Pattel also releases dolls modeled on popular female celebrities of the day that inspire female independence. R. at 355. Each year, Pattel chooses the most famous one to be represented in their Bambi Doll for the following year. R. at 356.

The Respondent, Cammy Gardashyan (“Respondent”), is an extremely popular socialite and reality television star. R. at 356. Since her family first appeared on the reality show, “Keeping Up with the Gardashyans” aired in 2007, her career has skyrocketed to superstardom. R. at 356. Respondent has millions of followers worldwide through her television show and especially her prolific social media presence; as a result, sales from products associated with her personal brand exceeded fifty million dollars in 2015 alone. R. at 356. Respondent owns a

trademark stylized by a “CG” displayed back-to-back, with Respondent's name underneath in all capital letters. R. at 356. The goods produced and sold under Respondent's brand include jewelry, clothing, cosmetics, perfumes, handbags and footwear. R. at 356.

Because of Respondent's unquestioned popularity, Pattel chose Respondent as its model Bambi Doll for the year 2015. R. at 356-57. Entitled “Fashionista Bambi Doll”, this doll included many features associated with Respondent's personal brand, including animal (leopard print) top, knee-length skirt and sparkly high-heeled shoes. R. at 356-57. At issue in this case are the two uses of Respondent's name for Fashionista Bambi Doll—the doll has a talking feature that prompts the sentence, “I want to be a Fashionista, just like Cammy Gardashyan,” whenever a button on the hand of the doll is pressed. R. at 357. In addition to the spoken words, the catchphrase is also located in the form a speech bubble on the packaging box Fashionista Bambi Doll is sold in. R. at 357. The packaging includes a specific disclaimer on the back of the box: “Pattel, Inc. and Fashionista Bambi are not sponsored by or affiliated with Cammy Gardashyan.” R. at 357. Fashionista Bambi was released in January of 2015, selling nearly thirty-five million units and gaining profits of forty-five million dollars. R. at 357.

II. Course of Proceedings

On February 9, 2015, Cammy Gardashyan sought a permanent injunction against Pattel, Inc., for a claim of trademark infringement, false endorsement, false advertising, and trademark dilution pursuant to the Lanham Act for Petitioner's

use of the mark “Cammy Gardashyan.” R. at 355-57. Petitioner claimed its use of Respondent's mark constituted nominative fair use. R. at 357. The District Court held that Petitioner's use of the Respondent's mark was nominative fair use. R. at 358.

Following cross motions for summary judgment the District Court granted summary judgment on all counts in favor of Pattel, Inc. R. at 358. Cammy Gardashyan appealed and The United States Court of Appeals for the Fourteenth Circuit reversed the order of the District Court on both counts and remanded for further proceedings. R. at 358.

III. Standard of Review

Questions of law are reviewed de novo. *Pierce v. Underwood*, 487 U.S. 552, 558 (1988). An issue concerning the “application” or the “interpretation” of law is defined as a question of law. Black’s Law Dictionary (10th ed. 2014). When an appellate Court reviews the issue of likelihood of confusion in a trademark infringement action the Court is given deference to apply a de novo review if the District Court erred in its application of the law, as the Fourteenth Circuit Court did in the instant case. *Giant Food Inc. v. Nation’s Foodservice, Inc.*, 710 F.2d 1565, 1569 (Fed. Cir. 1983)(reversing a finding from the Trademark Trial and Appeal Board of likelihood of confusion).

SUMMARY OF THE ARGUMENT

I. THE COURT OF APPEALS ERRED IN ADOPTING THE SECOND CIRCUIT'S ELEVEN FACTOR LIKELIHOOD OF CONFUSION TEST FOR NOMINATIVE FAIR USE AND THIS COURT SHOULD INSTEAD ADOPT THE THIRD CIRCUIT'S TWO-STEP APPROACH THAT TREATS NOMINATIVE FAIR USE AS AN AFFIRMATIVE DEFENSE

Traditional trademark infringement requires a plaintiff to prove that there is a likelihood of consumer confusion in defendant's use of plaintiff's mark, while classic fair use allows a defendant to argue that even though there is a likelihood of confusion, the use by the plaintiff's mark to describe defendant's product "is nonetheless fair". *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 222-23. (3d Cir. 2005). Nominative fair use is a type of classic fair use that allows the defendant to use a plaintiff's mark to describe the plaintiff's own product or service. *Id.*

The Ninth Circuit created nominative fair use to address a gap left in trademark law by classic fair use, and has substituted a three factor nominative fair use test for its traditional likelihood of confusion analysis. *New Kids on the Block v. News Am. Pub., Inc.*, 971 F. 2d 302, 306 (9th Cir. 1992). This test does not clearly keep the burden of proving likelihood of confusion on the plaintiff, and is too narrow in its interpretation of nominative fair use. *See Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153 (2d Cir. 2016).

The Second Circuit adopted a nominative fair use approach that folds the concept into its traditional eight factor likelihood of confusion test, creating a large and unpredictable eleven factor test for courts to attempt to follow. *Id.* at 167-68.

The Third Circuit, reviewing precedent from this Court, in consideration of free speech rights under the First Amendment and legislative intent, considered nominative fair use and correctly adopted the concept as an affirmative defense to likelihood of confusion. *Century 21*, 425 F.3d at 222-23. This was accomplished through an easy to understand and predictable two step approach that follows precedent from this court in keeping the burden of proving a likelihood of confusion on the plaintiff. *Id.* If the plaintiff can satisfy this burden, the burden then shifts to the defendant to prove that its use is “nonetheless fair.” *Id.* at 222.

II. UNDER EITHER THE THIRD CIRCUIT’S SUPERIOR TWO-STEP APPROACH OR THE UNWEILDLY LARGE ELEVEN FACTOR TEST USED BY THE SECOND CIRCUIT THE PETITIONER PREVAILS BECAUSE IT USES RESPONDENT’S MARK SOLELY FOR REFERENCE AND DOES NOT INDICATE ANY RELATIONSHIP BETWEEN THE PETITIONER AND RESPONDENT THAT WOULD CONFUSE CONSUMERS

Adopting the Third Circuit’s interpretation of nominative fair use, this Court should find that while there may be some likelihood of confusion, the use of Respondent's mark by Petitioner is nonetheless fair. *See Century 21*, 425 F.3d 211. Because Petitioner has used the mark for several months without any evidence of actual confusion and there was no bad faith on the part of Petitioner in using Respondent's mark, this Court should find that there is no likelihood of confusion under the Third Circuit test. *See id.* at 228-29. Even if this Court finds a likelihood of confusion, the use of Respondent's mark was nonetheless fair because Petitioner only used so much of Respondent's mark as was necessary to describe Respondent's product and Petitioner did nothing to imply a relationship between Petitioner and Respondent. *See id.* at 222-23.

Under the large and unpredictable Second Circuit test for likelihood of confusion, this court should find that almost no factors favor a finding of consumer confusion, while the three nominative fair use factors favor a finding of no infringement by the Petitioner. *See Int'l Info.*, 823 F.3d at 168.

Finally, if this Court decides to adopt the narrow and vague three factor likelihood of confusion test for nominative fair use cases, Petitioner still prevails because its use of Respondent's mark was necessary as Respondent's product is not readily identifiable with use of Respondent's mark and Petitioner did nothing to confuse consumers as to the relationship between Petitioner and Respondent. *See Toyota Motor Sales, U.S.A., Inc., v. Tabari*, 610 F.3d 1171, 1175 (9th Cir. 2010).

ARGUMENT

I. THIS COURT OF APPEALS ERRED IN ADOPTING THE SECOND CIRCUIT'S ELEVEN FACTOR LIKELIHOOD OF CONFUSION TEST FOR NOMINATIVE FAIR USE AND THIS COURT INSTEAD ADOPT THE THIRD CIRCUIT'S TWO-STEP APPROACH THAT TREATS NOMINATIVE FAIR USE AS AN AFFIRMATIVE DEFENSE

A. Traditional Infringement Analysis And Classic Fair Use Lay The Groundwork For Nominative Fair Use In Trademark Law

1. Traditional trademark infringement requires a plaintiff prove a probability of confusion in defendant's use of plaintiff's mark.

Trademark infringement is controlled by the Lanham Act of 1946. The Lanham Act of 1946, 15 U.S.C. § 1051 (2012). Under the act, once a mark has been declared valid incontestable under section 1065 it can be infringed if the mark holder proves a likelihood of confusion. *See Polaroid Corp. v. Polaroid Elecs. Corp*, 287 F.2d 492 (2d Cir. 1961). In order to succeed in an infringement case, the plaintiff must prove a “probability of confusion”, not just a mere possibility, using a test referred to by the courts as a likelihood of confusion test. *Gruner + Jahr USA Publ'g v. Meredith Corp.*, 991 F.2d 1072, 1077 (2d Cir. 1993).

The “likelihood of confusion” test varies from circuit to circuit, but in the case at hand there are only two separate tests to consider: the *Polaroid* test from the Second Circuit, and the *Lapp* test from the Third Circuit. *See Int'l Info.*, 823 F.3d 153; *Century 21*, 425 F.3d 211. These two are considered here because a current circuit split over the proper use of nominative fair use exists between the Second, Third and Ninth Circuits. *Int'l Info*, 823 F.3d at 167-68.

The *Polaroid* test used by the Second Circuit includes the following factors:

(1) Strength of trademark; (2) similarity of the marks; (3) proximity of the products and their competitiveness with one another; (4) evidence that the senior use may “bridge the gap” by developing a product for sale in the market of the alleged infringer’s product; (5) evidence of actual consumer confusion; (6) evidence that the imitative mark was adopted in bad faith; (7) respective quality of the products; (8) sophistication of users in the relevant market.

Int’l Info., 823 F.3d at 160. The *Lapp* test used by the Third Circuit includes the following factors:

(1) the degree of similarity between the owner’s mark and the alleged infringing mark; (2) strength of owner’s mark; (3) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase; (4) the length of time the defendant has used the mark without evidence of actual confusion; (5) the intent of the defendant in adopting the mark; (6) the evidence of actual confusion. (7) whether the goods, though not competing, are marketed through the same channels of trade and advertised through the same media; (8) the extent to which the targets of the parties' sales efforts are the same;(9) the relationship of the goods in the minds of consumers because of the similarity of function; and (10) other facts suggesting that the consuming public might expect the prior owner to manufacture a product in the defendant's market or that he is likely to expand into that market.

Century 21, 425 F.3d at 224. In both these tests, the factors are non-exhaustive and the court uses only those factors that are applicable to the case at hand. *Int’l Info.*, 823 F.3d at 160; *Century 21*, 425 F.3d at 224.

Under both tests, the plaintiff carries the burden of proving a probability of confusion. *Int’l Info.*, 823 F.3d at 160. If proved, the court finds infringement and the plaintiff prevails. *Id.*

2. Classic fair use, similar to nominative fair use, allows a defendant to use the plaintiff's mark if used in good faith and for descriptive purposes.

Classic fair use is an affirmative defense that allows a defendant to use the plaintiff's mark to describe *the defendant's own products or services*. *Century 21*, 425 F.3d at 234. This occurs when the plaintiff's mark is also an ordinary or common term that the defendant uses not to imply a relationship with the plaintiff, but rather to describe defendant's product. *Id.*

In a trademark infringement case, the plaintiff has the burden of proving a likelihood of confusion. *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 117-18 (2004). If the plaintiff satisfies this burden, the burden then shifts to the defendant to prove that the use of the plaintiff's mark "is nonetheless fair". *Century 21*, 425 F.3d at 222. This Court has explicitly held that classic fair use can survive some likelihood of confusion, and a trademark holder is not granted an exclusive license to the use of a word. *Id.* at 123.

B. The Ninth Circuit Recognized Nominative Fair Use To Address A Gap In Protection Left By Classic Fair Use.

In 1992, the Ninth Circuit addressed the issue of nominative fair use for the first time. *New Kids*, 971 F.2d 302. The court coined the term "nominative fair use" to describe the permissible use of another's mark, a type of use which allowed one person to utilize the mark in a non-confusing and lawful manner. *Id.* Specifically, the musical group "New Kids on the Block" sued Newspaper organizations for featuring their trademarked band name in polls asking readers who their favorite "New Kid" was. *Id.* at 305. The Ninth Circuit admitted this was not under the scope

of classic fair use because the Newspapers' were not trying to use plaintiff's mark to describe the Newspapers' product—rather they made reference to plaintiff's mark with the sole intent of describing the plaintiff's band. *Id.*

The Ninth Circuit had already addressed this issue. *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969). The Ninth Circuit found that Volkswagen could not enjoin the defendants from using the “VW” mark to advertise repair services for VW automobiles. *Id.* at 352. The Ninth Circuit reasoned that a trademark does not confer exclusive use of a word, and, “[t]hroughout the development of trademark law, the purpose of trademarks remained constant and limited: identification of the manufacturer or sponsor of a good or the provider of a service”. *New Kids*, 971 F.3d at 305 (9th Cir. 1992). *New Kids*, 971 F.2d at 307. Accordingly, the Ninth Circuit in *New Kids* held that the Newspaper organizations could use the mark “New Kids on the Block” to reference the band in their polls. *Id.*

The argument for nominative fair use boils down to this: there are certain marks that represent the only adequate way to describe plaintiff's products or services, and defendant's use is fair if it does not imply sponsorship or affiliation with the plaintiff. *Id.* at 306. Nominative fair use acknowledges that there are occasions when a trademark is so unique that the only simple and natural way to describe plaintiff is through using the mark. *Id.*

In the years since *New Kids*, the Ninth Circuit has refined its nominative fair use test to three factors:

“(1) is the product “readily identifiable” without use of the mark, (2) did the defendant use more of the mark than necessary, and (3) did the defendant falsely [suggest] he was sponsored or endorsed by the trademark holder?”

Toyota, 610 F.3d at 1175-76.

Under the Ninth Circuit’s analysis, nominative fair use is not an affirmative defense. *See id.* Instead, this is a test the Ninth Circuit uses to analyze whether there is infringement that shows a likelihood of confusion among consumers. *Id.* This Court, in *KP Permanent*, somewhat abrogated the Ninth Circuit’s test in holding that the burden in proving a likelihood of confusion must always rest with the plaintiff in a trademark infringement cases involving fair use. *KP Permanent*, 543 U.S. at 117-18 (2004). The Ninth Circuit recognized this holding in *Toyota* and made it clear that its three-factor test leaves the burden of establishing the likelihood of confusion with the plaintiff, while allowing defendant to use nominative fair use factors to undercut plaintiff’s argument. *Toyota*, 610 F.3d at 1183.

C. The Second Circuit Test Is Not Tailored To Nominative Fair Use And Creates A Confusing Test With Unclear Guidelines For Application

1. The test adopted by the Second Circuit, which combines its traditional likelihood of confusion test with the Third Circuit’s nominative fair use test, should be rejected by this Court.

The Second Circuit does not recognize of the use of nominative fair use as an affirmative defense, instead following a path similar to the Ninth Circuit, albeit with vastly different results. *See Int’l Info.*, 823 F.3d 153. In contrast to the Ninth Circuit, the Second Circuit created an eleven factor test that combines the three

pronged nominative fair use test of the Third Circuit with the Second Circuit's existing eight factor *Polaroid* likelihood of confusion test. *Id.* at 168. The Fourteenth Circuit below, having considered the the tests from the Ninth, Third and Second Circuits, chose to follow the Second Circuit's interpretation of nominative fair use. R. at 361-62.

The Second Circuit engages in a test that balances the following eight likelihood of confusion factors, otherwise known as the *Polaroid* factors:

- (1) Strength of trademark;
- (2) similarity of the marks;
- (3) proximity of the products and their competitiveness with one another;
- (4) evidence that the senior user may "bridge the gap" by developing a product for sale in the market of the alleged infringer's product;
- (5) evidence of actual consumer confusion;
- (6) evidence that the imitative mark was adopted in bad faith;
- (7) respective quality of the products;
- (8) sophistication of users in the relevant market.

Int'l Info., 823 F.3d at 160. Along with those factors, the Second Circuit also uses the following three pronged nominative fair use test borrowed from the Third Circuit:

- (1) that the use of plaintiff's mark is necessary to describe both the plaintiff's product or service and the defendant's product or service;
- (2) that the defendant uses so much of plaintiff's mark as is to describe plaintiff's product; and
- (3) that the defendant's conduct or language reflects the true and accurate relationship between the plaintiff and the defendant's products or services.

Id. at 167-68. The eleven factors, eight for likelihood of confusion and three for nominative fair use, are taken together to assess the overall likelihood of confusion in the defendant's use of the plaintiff's mark. *Id.* The Second Circuit has explained

that the plaintiff carries the burden of establishing a likelihood of confusion using the eight *Polaroid* factors above. *Id.* The defendant can, in turn, undercut the force of this evidence using the three nominative fair use factors. *Id.* Balancing all eleven factors, the Second Circuit finds infringement by the defendant if there is an overall likelihood of confusion of consumers. *Id.*

2. The Second Circuit's interpretation of nominative fair use is incorrect because it places a burden on both judicial economy and the defendant in trademark cases in direct contravention of this Court's holding in *KP Permanent*.

The Second Circuit arrived at its eleven factor test for nominative fair use by examining this Court's treatment of classic fair use in *KP Permanent*. *KP Permanent*, 543 U.S. at 122-23. In *KP Permanent*, this Court held that classic fair use, an affirmative defense under 15 U.S.C. § 1115(b)(4), could survive some likelihood of confusion. *Id.* at 122. The Second Circuit read this Court's holding to say that only the affirmative defenses explicitly listed in the Lanham Act along with classic fair use could survive some likelihood of confusion. *Int'l Info*, 823 F.3d at 160. Because nominative fair use is not a named affirmative defense in 15 U.S.C. § 1115, the Second Circuit reasoned, it could not survive a likelihood of confusion. *Id.* at 166-67. Thus, the Second Circuit held that nominative fair use factors should be used in addition to the existing *Polaroid* factors to measure whether there is an overall likelihood of confusion. *Id.* at 167-68.

This approach failed, however, to address the inherent problems with applying a traditional likelihood of confusion analysis to nominative fair use cases. *See Century 21*, 425 F.3d at 225. The problems inherent in using the traditional likelihood of

confusion factors outlined in *Polaroid* were recognized by the Third Circuit in *Century 21*. *Id.* Several factors included in the traditional likelihood of confusion test assume that the defendant is using the plaintiff's mark to describe defendant's own products or services. *Id.* In nominative fair use cases, by contrast, the defendant readily admits to using the plaintiff's mark—the entire reason for the use of the mark is to describe the plaintiff's products or services. *Id.*

For example, the first two *Polaroid* factors are strength and similarity of the marks, respectively. *Int'l Info.*, 823 F.3d at 160. Both factors become moot in nominative fair use cases, because the defendant is not trying to pass plaintiff's mark off as its own—it is using the plaintiff's mark purposely to describe the plaintiff. *Century 21*, 425 F.3d at 225. The Third Circuit ultimately modified its traditional likelihood of confusion test to create a test tailored specifically to nominative fair use. *Id.* at 225-26.

The Second Circuit itself admits that the *Polaroid* factors “are a bad fit here”, but fails to make any changes to tailor the test to this new concept of nominative fair use. *Int'l Info.*, 823 F.3d at 167-68. The Second Circuit's reason for this decision is the *Polaroid* factors are non-exhaustive and a judge can choose which to apply to any given case. *Id.* This decision by the Second Circuit is wrong for two reasons: first, it forces the courts to entertain factors that even the Second Circuit admits are not applicable to nominative fair use in order to judge which to apply. *See id.* Second, by leaving this much decision-making on which factors to apply to the

courts, defendants in different jurisdictions could get wildly different results under nearly the same circumstances. *See id.*

The Second Circuit's eleven factor test also places a significant burden on the judiciary and judicial economy. *See id.* Both the Ninth Circuit's test containing only three factors and the Third Circuit's two-step approach are better for judicial economy and clarity for defendants. *See Century 21*, 425 F.3d at 224-25; *Toyota*, 610 F.3d at 1175. This is because the Second Circuit's test requires all eleven factors to be considered in every nominative fair use case. *Int'l Info.*, 823 F.3d at 168. The Third Circuit's test, by contrast, starts with a four factor tailored likelihood of confusion test. *See Century 21*, 425 F.3d at 224-25. If the plaintiff cannot prove a likelihood of confusion, the court finds no infringement and no further analysis must be made. *Id.* The Ninth Circuit's test is similarly better for judicial economy because it only asks the court to consider three factors in assessing likelihood of confusion in nominative fair use cases. *Toyota*, 610 F.3d at 1175.

Because the Second Circuit's test fails to account for the inherent differences between traditional trademark infringement and nominative fair use, creates a difficult test that will cause confusion among judges and defendants, and hinders judicial economy, this Court should reject the Fourteenth Circuit's adoption of the Second Circuit's eleven factor test for nominative fair use cases.

D. The Third Circuit's Two Step Approach Recognizing Nominative Fair Use As An Affirmative Defense Should Be Adopted By This Court Because It Promotes Judicial Economy, Follows The Legislative Intent Behind The Lanham Act And Protects Free Speech Under The First Amendment.

1. The Third Circuit test reviews the long history of nominative fair use and precedent from this Court in creating the best test for nominative fair use.

The plaintiff's burden of proving a likelihood of confusion is a key component in asserting trademark infringement. *KP Permanent*, 543 U.S. at 118-19. The key difference between the Third Circuit's view on nominative fair use and the Ninth Circuit's view is that the Ninth Circuit uses its three-part test for nominative fair use *as a substitute* for a finding of likelihood of confusion, whereas the Third Circuit retains its likelihood of confusion starting point, adding nominative fair use as an affirmative defense if plaintiff can prove a likelihood of confusion. *See Century 21*, 425 F.3d at 220-221.

In *KP Permanent*, this Court examined classic fair use and the burden of proving a likelihood of confusion. *KP Permanent*, 543 U.S. 111. This Court found, through the plain language of 15 U.S.C. § 1115(b)(4), that classic fair use does not require a defendant to negate a likelihood of confusion. *Id.* at 118-19. Instead, this Court found that the burden of proving a likelihood of confusion rests solely on the plaintiff. *Id.* If the plaintiff can prove a likelihood of confusion, the burden then shifts to the defendant to show that the use was fair. *Id.*

The Third Circuit, reviewing this Court's decision in *KP Permanent*, found that nominative fair use does not stray so far from classic fair use as to warrant the treatment as part of the likelihood of confusion test, as argued by the Ninth and Second Circuits. *See Century 21*, 425 F.3d at 223. The Third Circuit stated, "[c]lassic fair use and nominative fair use are different in certain respects, but it is unclear to us why we should ask radically different questions when analyzing the defendant's

ability to refer to a plaintiff's mark in two different contexts.” *Id.* Following the precedent in *KP Permanent* for classic fair use, this Court should adopt the Third Circuit’s bifurcated approach for nominative fair use cases by leaving the initial burden on the plaintiff to prove a likelihood of confusion. *See id.* If the plaintiff can satisfy the burden, only then should the burden be shifted to the defendant to show that its use of plaintiff’s mark was “nonetheless fair.” *See id.*

The first part of the Third Circuit’s test involves its likelihood of confusion test. *Id.* at 224. The Third Circuit’s traditional likelihood of confusion test, like the Second Circuit, involves a range of ten different factors, also called the *Lapp* factors. *Id.* However, for nominative fair use cases, the Third Circuit has modified its ten factor likelihood of confusion test down to four separate factors:

- (1) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase;
- (2) the length of time the defendant has used the mark without evidence of actual confusion;
- (3) the intent of the defendant in adopting the mark; and
- (4) the evidence of actual confusion.

Century 21, 425 F.3d at 225-26. The reason for this this modified test is simple—the traditional likelihood of confusion test assumes that the defendant is using the plaintiff’s mark to describe the defendant’s products and services. *See id.* at 224-25. Nominative fair use changes that analysis because the defendant is no longer trying to promote plaintiff’s mark as its own. *See id.* The defendant readily admits it is using plaintiff’s mark—purely for the purpose of describing the plaintiff’s product. *See id.* Certain factors, including strength of mark and degree of similarity between

marks, simply are not applicable to nominative fair use cases because the intent of defendant is different than in traditional infringement cases. *Id.*

If the plaintiff meets its burden in proving a likelihood of confusion, the burden then shifts to the defendant to “show that the use of the plaintiff’s mark is nonetheless fair”. *Id.* at 222. To this end, the Third Circuit modifies the Ninth Circuit’s nominative fair use analysis and created the following three pronged test:

(1) that the use of plaintiff’s mark is necessary to describe both the plaintiff’s product or service and the defendant’s product or service; (2) that the defendant uses so much of plaintiff’s mark as is to describe plaintiff’s product; and (3) that the defendant’s conduct or language reflects the true and accurate relationship between the plaintiff and the defendant’s products or services.

Id. The thrust of this test is to ensure that while the defendant has used the plaintiff’s mark, it is only to the extent necessary, and the defendant in no way misleads consumers into thinking it is sponsored or endorsed by the plaintiff. *Id.*

2. The Third Circuit test serves to promote judicial economy, the First Amendment and public trust in the judiciary.

Nominative fair use is a very important concept in trademark law that fills a gap left by classic fair use. *See, e.g., New Kids, 971 F.2d 302.* While classic fair use protects the First Amendment by allowing a defendant to use a plaintiff’s common or generic mark to describe the defendant’s own product or service, nominative fair use serves the important role of allowing a defendant to use the plaintiff’s mark to describe the plaintiff’s product or service. *Id.* at 306.

Some trademarks are so unique that the only way for a defendant to adequately make reference to the plaintiff’s product is through use of the plaintiff’s mark. A

deeper analysis into the legislative history of the Lanham Act further establishes the intent of drafters to not grant a broad monopolistic grant to the use of a word—such as in the case of patents, or copyrights. Writing for the Court in *Prestonettes, Inc. v. Coty*, Justice Holmes states a trademark “does not confer a right to prohibit the use of the word or words. It is not a copyright.” *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924). The House report for the Lanham Act further states, “[a] trademark only gives the rights to prohibit the use of it so far as to protect the owner’s goodwill against the sale of another’s product as his.” H.R. 944, 76th Cong. (1st Sess. 1939). Early decisions within the trademark infringement context of the Lanham Act highlight the need to balance the underlying purpose of trademark protection against the dangers of overprotection of intellectual property, which could lead to an “impoverishe[d] ... public domain, to the detriment of future creators and the public at large.” *White v. Samsung Elec. Am., Inc.*, 989 F.3d 1512, 1516 (9th Cir. 1993)

Recent decisions at the Federal Circuit Court level highlight the ever increasing conflicts appearing between trademark law and First Amendment jurisprudence. The Fourth Circuit’s decision in *Radiance Foundation, Inc., v. NAACP*. is evidence that the First Amendment trumps trademark law in certain scenarios. *Radiance Foundation, Inc. v. N.A.A.C.P.*, 786 F.3d 316 (4th Cir. 2015). In *Radiance*, the NAACP brought suit against the plaintiff for using the NAACP mark in a negative headline. *Id.* at 324. Declining a request by the NAACP to interpret the Lanham Act broadly, the Fourth Circuit reasoned that “such an interpretation

would push the Lanham Act Close Against the First Amendment wall, which is incompatible with the statutes purpose and stretches the text beyond its breaking point.” *Id.* at 322.

A nominative fair use defense should be adopted by this court to ensure certain valid expressive uses of a registered mark are permitted and a clear, predictable test can be employed the courts, thus upholding First Amendment principles of free speech and allowing defendants to avoid infringing against mark holders. These longstanding free speech principles outweigh the limited property rights granted to the owner of a trademark. *See Prestonettes*, 264 U.S. at 368-69. (Justice Holmes opined that a prohibition on a collateral reference by a defendant to a plaintiff’s mark only serves to “...prohibit the use of it so far as to protect the owner’s good will against the sale of another’s product as his.”).

As mentioned above, the Third Circuit modified its traditional likelihood of confusion analysis specifically because nominative fair use cases are not traditional infringement cases. *Century 21*, 425 F.3d at 228-29. The defendant is not trying to promote its own product by using the plaintiff’s mark—instead the defendant is using plaintiff’s mark purposely with the intent of making reference to plaintiff’s product or service. *Id.* at 220-21. The Second Circuit took a different approach. *See Int’l Info.*, 823 F. 3d at 168.

The Second Circuit, while freely admitting that its *Polaroid* likelihood of confusion factors are “a bad fit here”, nonetheless refused to tailor its traditional test to the new concept of nominative fair use. *Id.* This poses two serious problems.

First, the large and unwieldy test with many factors that may or may not be applicable but must be examined by the court will hinder judicial economy, creating a large and confusing test for the judiciary to work through on each nominative fair use case. *See id.* Second, the wide range of factors that the Second Circuit advocates can be used as necessary will allow for two separate defendants with similar circumstances to possibly suffer wildly different sentences. *See id.* This will only serve to hurt the public's trust in the judiciary.

Predictability, not an opaque, confusing, and unwieldy test is what is needed in order to protect the integrity of the court system and defendant's free speech rights under the First Amendment. The Third Circuit tests gives both predictability and a clear test for the judiciary to apply. *See Century 21*, 425 F.3d 211.

Nominative fair use is an outgrowth of classic fair use, just like descriptive fair use. *See New Kids*, 971 F.2d 302. It was created under the spirit of classic fair use, by the courts recognizing that it is sometimes necessary to use plaintiff's mark, and that granting exclusive use of a word could have a chilling effect on the English language. *Id.* at 306. This makes nominative fair use very similar to descriptive fair use, which was also a concept created by the courts in interpreting 15 U.S.C. § 1115 and trademark law in general. *See Int'l Info.*, 823 F. 3d at 167.

This is an important parallel, because this Court implicated descriptive fair use in its decision in *KP Permanent*, and treated descriptive fair use as a type of fair use. *KP Permanent*, 543 U.S. at 118. In addition to this treatment, descriptive fair use is also implicated in the Federal Dilution of Trademark Act ("FDTA") along with

nominative fair use as a defense and type of fair use, “[a]ny fair use, including a nominative or descriptive fair use.” 15 U.S.C. § 1125(c)(3)(A). In Congress’s mind and as concluded by the Third Circuit, both descriptive and nominative fair use are a type of fair use that should be treated as affirmative defenses. *See Century 21*, 425 F.3d at 223.

Contrary to the position of the Fourteenth Circuit below, the addition of nominative fair use as an affirmative defense in the FDFA without updating the Lanham Act does not indicate Congress’ intent to leave nominative fair use out as an affirmative defense in traditional infringement. R. at 362.

First, the FTDA was enacted *after* the Ninth Circuit’s decision in *New Kids*. *See generally New Kids*, 971 F.2d 302; 15 U.S.C. § 1125. This can implicitly be read as recognition by Congress of the need for such an affirmative defense in relation to trademark cases. While the Respondent can argue that Congress did not update the Lanham Act to include nominative fair use as an affirmative defense, it is likely that the Congress did not think the current wording of 15 U.S.C. § 1115(b)(4) would be read to leave out nominative fair use because 15 U.S.C. § 1115(b)(4) does not even include the term “fair use”—that term was instead created by the courts from the language “used fairly and in good faith”. 15 U.S.C. § 1115(b)(4). Just like classic fair use was created through a reading of 15 U.S.C. § 1115(b)(4), nominative fair use can also be read into “used fairly and in good faith.” *See* 15 U.S.C. § 1115(b)(4).

Additional support for reading nominative fair use as part of the Lanham Act is the reality of failing to do so: due to the nature of trademark cases, it is extremely

possible to be facing both a trademark dilution claim and a trademark infringement claim in the same suit. In this likely scenario and under the reading of the Lanham Act by the Fourteenth Circuit below, the defendant would be able to claim a defense of nominative fair use for the dilution claim, but not in the infringement claim, even though the use of the mark is the same in both cases. This is not theoretical, but has already occurred in the Southern District of New York. *Toni & Guy, Ltd. v. Nature's Therapy, Inc.*, No. 03-CV-2420, 2006 WL 1153354 (S.D.N.Y. May 1, 2006)(the court allowed the nominative fair use defense for the dilution claim but not the infringement claim; the defendant prevailed on the dilution claim but failed on the infringement claim). In addition, this contradictory scenario is inherent in the case at hand—while the only issue on appeal is trademark infringement, Respondent has also sued Petitioner for trademark dilution. R. at 355. If this Court adopts the view of the Second Circuit, Petitioner will be able to plead nominative fair use as an affirmative defense for the trademark dilution claim, but not the infringement claim.

In light of legislative history and intent, significant case law, and in the pitfalls associated with treating dilution and infringement claims vastly different, nominative fair use should be read as an affirmative defense along with classic fair use.

II. UNDER EITHER THE THIRD CIRCUIT'S SUPERIOR TWO-STEP APPROACH OR THE UNWEILDLY LARGE ELEVEN FACTOR TEST USED BY THE SECOND CIRCUIT THE PETITIONER PREVAILS BECAUSE IT USES RESPONDENT'S MARK SOLELY FOR REFERENCE AND DOES NOT INDICATE ANY RELATIONSHIP BETWEEN THE PETITIONER AND RESPONDENT THAT WOULD CONFUSE CONSUMERS

A. Petitioner Prevails Under The Third Circuit’s Far Superior Two-Step Approach That Includes Nominative Fair Use As An Affirmative Defense Because There Is No Likelihood Of Confusion And Petitioner Uses Only So Much Of Respondent's Mark As Necessary To Describe Respondent's Product While Not Implying Any Relationship Between Petitioner And Respondent.

1. Respondent cannot satisfy its burden of proving a probability of confusion.

The first step in applying the Third Circuit’s two-step is to assess whether the Respondent has satisfied its initial burden of proving a likelihood of confusion.

Century 21, 425 F.3d at 225-26. The four factors are the Third Circuit uses to test likelihood of confusion are:

- (1) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase;
- (2) the length of time the defendant has used the mark without evidence of actual confusion;
- (3) the intent of the defendant in adopting the mark; and
- (4) the evidence of actual confusion.

Century 21, 425 F.3d at 225-26.

The first factor of this test looks at the price of the goods, and the likely attention by customers to its purchase. Generally, the cheaper the product, the less attention is likely to be paid by consumers and the greater the likelihood of confusion. *Id* at 248. However, the factor also mentions “other factors indicative of the care and attention expected of consumers,” and the heart of this first element asks whether consumers will pay enough attention to distinguish Petitioner's and Respondent's products. *Id.* at 225-26. There are some “other factors” in this case, namely the brand power and mass appeal of the Bambi Doll worldwide from consumers aged three to one hundred. *R.* at 355. Bambi Doll’s popularity is such

that, while relatively cheap and available for purchase by the average consumer, it is a heavily sought after product that parents buy for their children because of its history and representation of female celebrities and collectors purchase for the dolls' intrinsic value. R. at 355.

Given this, Petitioner's product is more likely than most at its price range to receive the type of attention and care that would allow a consumer to realize that there is little to no relationship between Petitioner's product and Respondent's mark. Because the Petitioner has a very strong brand with over 500 million units sold to consumers from ages three to one hundred, there will be more care and attention paid to its purchase. R. at 355. Because more care and attention will be paid to its purchase, there is a smaller likelihood of confusion and the first factor favors Petitioner.

The second factor goes to the length of time Petitioner has used the mark without consumer confusion. *Id.* For this factor, the longer the challenged product has been in use without evidence of *actual confusion*, the more likely there is no likelihood of consumer confusion. *Id.* at 248. Here, Fashionista Bambi Doll had been in circulation for nearly twelve months prior to this challenge, and there was no evidence advanced by Respondent of actual consumer confusion in that time. R. at 357. Because Petitioner's product was in the market for a full year without challenge or evidence of actual confusion, the second factor favors a finding of no likelihood of confusion. R. at 357.

The third factor measures the intent of the Petitioner: was the intent to indicate a relationship between the Petitioner and the Respondent that does not exist? *Id.* If the Petitioner intended to use the goodwill and brand power of the Respondent's mark to boost sales, there is a higher likelihood of confusion. *Id.* The key point in this factor is what exactly was borrowed—did the Petitioner borrow more than just the words in its use of Respondent's mark? *Id.* Did the Petitioner also borrow the typeface and font, or any colors associated with the mark? *Id.* Using the same typeface and font of the Respondent's mark indicates intent on the part of the infringer to confuse consumers. *Id.*

Here, Petitioner did not take anything but the literal words in Respondent's mark. R. at 356-57. The type face and font used on Petitioner's product is distinct from Respondent, and further one of the two uses of Respondent's mark is a disclaimer that specifically denies any relationship between Petitioner and Respondent. R. at 356-57. Further, the mark of the Respondent includes the symbol of a combined 'C' and a 'G', along with the name 'Cammy Gardashyan' appearing in all capital letters. R. at 356. Petitioner does not use the 'CG' symbol, and writes Respondent's name with only the first letter capitalized. R. at 356-57. Petitioner used Respondent's mark not to confuse consumers, but to describe who Fashionista Bambi Doll was modeled after. R. at 355-57. Because the Petitioner ensured that it disclaimed any relationship between itself and the Respondent, and because Petitioner used only the literal words and not the colors, typeface, font or symbol

associated with Respondent's mark, there is nothing to suggest that the Petitioner had the intent to confuse consumers. R. at 356-57.

The fourth and final factor measures the evidence of actual consumer confusion. *Id.* The more evidence the Respondent can provide, the more likely a finding of likelihood of consumer confusion. *Id.* Here, because no actual consumer confusion has been plead by the Respondent, this factor favors the Petitioner. *See id.*

It is important to note that this likelihood of confusion test balances all factors, and the Court must ask whether the Respondent proved a “probability of confusion, not [just] a mere possibility.” *Century 21*, 588 F.3d at 215. Here, because most of the above factors favor a finding of no likelihood of confusion, this Court should find that Respondent failed to satisfy its burden and prove a “probability of confusion.” *See id.* Under the Third Circuit test, a finding of no likelihood of confusion would end the analysis by this Court. *Id.* at 228. However, even if this Court finds a likelihood of confusion using the above factors, the Petitioner would still prevail under the second step assessing whether the use of Respondent's mark by Petitioner “is nonetheless fair.”

2. Petitioner uses only so much of the Respondent's mark as is necessary to describe Respondent's product, and does not imply any relationship between Petitioner and Respondent.

Under the Third Circuit’s test, a finding of a probability of confusion shifts the burden to the defendant to prove that its use “is nonetheless fair.” *Id.* The

nominative fair use defense advanced by the 3rd Circuit consists of three separate prongs:

(1) that the use of plaintiff's mark is necessary to describe both the plaintiff's product or service and the defendant's product or service; (2) that the defendant only uses so much of plaintiff's mark as is necessary to describe plaintiff's product; and (3) that the defendant's conduct or language reflects the true and accurate relationship between the plaintiff and the defendant's products or services.

Century 21, 425 F.3d at 222.

The first prong analyzes the distinct nature of Respondent's mark and the ability of Petitioner to reference Respondent's products or services without using Respondent's mark. *Id.* at 229. If the court finds that “the identification by the [Petitioner] of [Respondent's] product or service would be rendered significantly more difficult without use of the mark,” then this prong favors allowing Petitioner to use the Respondent's mark despite some likelihood of confusion. *Id.* The harder it is to describe Respondent's products and services without use of the mark, the stronger a nominative fair use defense becomes—the more necessary it is for the Court to allow Petitioner to use Respondent's mark to reference Respondent's product even though there is some likelihood of confusion. *Id.*

In the case at hand, Respondent's mark represents a very unique product—her name. R. at 356. However, there are complications with Respondent's name—her other sisters are also famous in their own right, and share a last name with Respondent. R. at 356. Without being able to reference Respondent directly, it will be difficult for the Petitioner to identify exactly which Gardashyan sister

Fashionista Bambi Doll is modeled after. There is no suitable substitute available to clearly indicate Cammy Gardashyan other than by her name as opposed to “The Keeping Up with the Gardashyans Star,” for example. Historically in trademark law, “the ‘fair-use’ defense, in essence, forbids a trademark registrant to appropriate a descriptive term for his exclusive use and so prevent others from accurately describing a characteristic of their goods.” *Id.* at 219.

Because there is no easy way to describe Respondent’s mark without actually using it, Petitioner’s use of Respondent’s mark is necessary and favors a finding that Petitioner’s use of Respondent’s mark “is nonetheless fair.” *Id.* at 229.

Although the Fashionista Bambi Doll has distinctive features of Cammy Gardashyan’s signature style, the doll’s style alone without the use of Cammy Gardashyan’s mark to reference her, would not sufficiently describe the product. *R.* at 356-57. “Despite these distinctive features, other celebrities also have similar features and a similar sense of style, including Gardashyan’s three sisters.” *R.* at 356. To clearly draw the distinction among Cammy Gardashyan’s signature style and her sisters’ style as well as the style of other celebrities that is not easily distinguishable, Pattel’s use of Cammy Gardashyan’s mark is necessary to describe the product.

The second prong does not concern whether it is necessary to use the Respondent’s mark, but rather if the Petitioner’s use only goes so far as is necessary to reference Respondent’s mark. *Id.* at 230. For example, if the Petitioner used the mark of the Petitioner and included the protect ‘CG’ symbol and also the same

typeface and font, the Petitioner will have gone too far in its use of Respondent's mark. Here, however, the Petitioner only uses the words of Respondent's mark, and nothing more. Because Petitioner uses only the literal words contained in Respondent's mark, and not the 'CG' symbol, font or typeface of the Respondent's mark, Petitioner used only so much of the Respondent's mark as was necessary. *See id.*

Finally, the third prong asks whether the defendant's actions or conduct accurately reflect the relationship between plaintiff and defendant. *Century 21*, 425 F.3d at 230-31. The court must determine whether the Petitioner either took any affirmative actions that would imply a relationship between the Petitioner and the Respondent, or whether Petitioner failed to take action that would dispel consumer confusion as to a relationship between the Petitioner and the Respondent. *Id.*

In the case at hand, Petitioner only uses Respondent's mark twice, and once to explicitly disclaim any relationship between Petitioner and the Respondent. R. at 357. The other time is simply to proclaim, "I want to be a Fashionista, just like Cammy Gardashyan." R. at 357. It must also be noted the strength of Petitioner's own brand: it has been around for nearly half a century and has sold more than 500 million Bambi Dolls worldwide. R. at 355. Key, however, is that it makes a habit of portraying a famous female celebrity each year. R. at 355-56. The sheer duration and predictability of this pattern means that there is little chance, from Petitioner's conduct, that consumer's will view Fashionista Bambi Doll as anything different than the other Bambi Dolls created and sold by Petitioner, which includes more

than 500 million dolls worldwide. R. at 355. Because Petitioner explicitly disclaims any relationship with the Respondent, and because the Petitioner has a very strong brand that habitually uses the likeness of other female celebrities, consumers are not likely to be confused at the relationship between Petitioner and Respondent. *See id.*

B. Even Adopting The Large And Cumbersome Eleven Factor Second Circuit Test, Petitioner Still Prevails Because Petitioner Uses Respondent's Mark Purely To Reference Respondent's Product And Does Not Confuse Consumers As To Respondent's Sponsorship Or Endorsement In Fashionista Bambi Doll.

In the Second Circuit's analysis, the nominative fair use test is folded into the traditional likelihood of confusion test, and the court balances eleven separate factors to answer a single question: has the plaintiff proved a possibility of confusion? *Int'l Info.*, 823 F. 3d at 167-68.

The factors assessed include:

- (1) Strength of trademark;
- (2) similarity of the marks;
- (3) proximity of the products and their competitiveness with one another;
- (4) evidence that the senior use may "bridge the gap" by developing a product for sale in the market of the alleged infringer's product;
- (5) evidence of actual consumer confusion;
- (6) evidence that the imitative mark was adopted in bad faith;
- (7) respective quality of the products;
- (8) sophistication of users in the relevant market.

Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 588 F.3d 97, 115 (2d Cir. 2009). These factors are not "not mechanical, but rather, focuses on the ultimate question of whether, looking at the products in their totality, consumers are likely to be confused." *Kelly-Brown v. Winfrey*, 717 F.3d 295, 307 (2d Cir. 2013). In addition to those eight factors, the court also allows the defendant to use the

following three factors to undercut plaintiff's evidence in proving a likelihood of confusion:

(1) that the use of plaintiff's mark is necessary to describe both the plaintiff's product or service and the defendant's product or service; (2) that the defendant only uses so much of plaintiff's mark as is necessary to describe plaintiff's product; and (3) that the defendant's conduct or language reflects the true and accurate relationship between the plaintiff and the defendant's products or services.

See Int'l Info., 823 F. 3d at 167-68. In the case at hand, there is little to no likelihood of confusion in Petitioner's use of respondent's mark. Only the *Polaroid* factors that call out to the facts should be employed. *Id.* Here, the factors that clearly speak to the facts are (1) Strength of mark, (3) proximity of the products, (4) "bridge the gap", (6) bad faith use of the mark, and (8) sophistication of users in the market. The other factors do not bear on case at hand, as there is no evidence of consumer confusion (5), or any question of the respective quality of the products (7). *See Id.*

As to the first factor, it is generally regarded that the strength of plaintiff's mark is a factor in favor of finding a likelihood of confusion. *Starbucks*, 588 F.3d at 115-16. Here, it cannot be questioned that the Cammy Gardashyan brand is strong, with total earnings from her many products sold with the brand totaling fifty million dollars in 2015 alone. R. at 356. This factor does weigh in favor of likelihood of confusion, but it must necessarily be balanced against the strength of Pattel, Inc.'s own brand in Bambi Dolls, which has sold 500 million dolls worldwide and

has a consumer base with an age range of three to one hundred. R. at 355. In light of this, Petitioner contends that at best this factor is neutral in the case at hand, if only slightly in favor of Respondent. *Starbucks*, 588 F.3d at 115-16.

The second factor is not applicable to nominative fair use cases, as it deals with similarities in the mark used by both Petitioner and Respondent. *Int'l Info.*, 823 F. 3d at 167-68. Petitioner is not trying to use Respondent's mark as a descriptor of its own product, but instead is intentionally using the exact words from Respondent's mark in order to identify the Respondent's product. Thus, this is one of the factors the Second Circuit admits is “a bad fit.” *Id.*

The third factor examines the proximity of the products is: are they in direct competition with each other in the same market? *See id.* Here, it is clear that they are not. Petitioner’s control over the market in Bambi Dolls is unquestioned. R. at 355. Respondent's brand is widespread, powerful, and still growing, but for now focuses mostly on fashion and accessories. R. at 356. Because the Petitioner and Respondent are in different markets and not directly competing, this factor weighs in finding against a likelihood of confusion. *See id.*

The next factor, otherwise known as the “bridge the gap” factor, also weighs in favor of Petitioner. *See id.* This factor asks the likelihood Respondent will enter Petitioner's market. *Id.* There is no evidence that Respondent is attempting to enter the mark of the Petitioner. Respondent’s brand is quickly growing and Respondent may be able to enter the toy mark soon. However, even if Respondent enters the toy market, Respondent and Petitioner will still be in completely different leagues. *See*

Star Indus., Inc. v. Bacardi & Co. Ltd., 412 F.3d 373 (2d Cir. 2005)(finding that even though Star also sold liquor, they were not in direct competition with Bacardi because its market control in Rum was so much greater than Star's). Because Petitioner's brand is very strong and its control over the market is nearly absolute, it is very unlikely that even if Respondent decides to "bridge the gap" that Respondent and Petitioner would be in direct competition. *See id.* at 387.

The next factor is bad faith. *See Starbucks*, 588 F.3d at 115-16. This factor generally asks whether the Petitioner adopted the Respondent's mark specifically to confuse consumers and pick up on the good will of the Respondent through that consumer confusion. *Star Industries*, 412 F.3d at 388. Petitioner has made no attempt to confuse consumers—Petitioner's brand is such that it does not need to confuse consumers. Petitioner's market strategy is to specifically represent the likeness of celebrities and the well known in order to sell Bambi Dolls. R. at 355. It has been in business for half a century, and has built its brand to consumers on this foundation. R. at 355. There is meant to be consumer recognition, but no customer confusion as to who is making the dolls. This can be further shown by the disclaimer on the back of the box that explicitly reads, "Pattel, Inc. and Fashionista Bambi are not sponsored by or affiliated with Cammy Gardashyan." R. at 357. Disclaimers, while not conclusive, are evidence in favor of finding that there is no intent for consumer confusion. *Int'l Info.*, 823 F.3d at 159. In addition to the disclaimer, Petitioner does not use the "CG" symbol or capital letters like the Respondent's mark. R. at 356-57. Because Petitioner already has a predictable market strategy of

releasing a new celebrity Bambi Doll each year, and because Petitioner only uses the words in Respondent's mark and not the "CG" symbol or the mark's capital letters, there is no evidence to show bad faith on the Petitioner in using Respondent's mark. R. at 356-57.

The final factor also favors Petitioner. This factor examines the sophistication of the consumer market targeted by the product. *Starbucks*, 588 F.3d at 115. This factor specifically asks whether consumers will be able to realize that Fashionista Bambi Doll is not sponsored or created by Respondent. *See id.* This factor, at first glance, would seem to favor Respondent; after all, kids are the thought to be the primary target for Bambi Dolls. However, the kids are not the ones purchasing the product—their parents are. Further, as noted in the opinion of the Fourteenth Circuit below, the targeted consumer base includes adults up to age 100. R. at 355. That Petitioner regularly targets parents and consumer's up to age 100, combined with the strength and duration of Petitioner's brand, evidences that consumers are likely to understand that Petitioner was responsible for the creation and distribution of the Fashionista Bambi Doll, not Respondent. R. at 355.

After assessing the Respondent's argument under the *Polaroid* factors, the court then assesses the extent to which the Petitioner's nominative fair use argument weakens the Respondent's case. Balancing the factors, the court must decide if there is a probability of confusion when weighing Respondent's case against Petitioner's. Here, as mentioned above, the Respondent's case is very weak using the *Polaroid* factors. Further, Petitioner's nominative fair use argument is

very strong: Petitioner uses only so much of the Respondent's mark as is reasonably necessary to describe Respondent's product, and the Petitioner in no way indicates a relationship between the Respondent and the Petitioner. *See id.* In fact, Petitioner actively disclaims any relationship with one of the two uses of Respondent's mark. R. at 357.

CONCLUSION

Petitioner's respectfully requests this Court to reverse the ruling of the Fourteenth Circuit below and hold that: (1) nominative fair use is an important concept needed so that a defendant can use a plaintiff's mark purely for reference purposes, (2) the appropriate way to apply nominative fair use to trademark infringement cases is as an affirmative defense and (3) under either the Third, Ninth or Second Circuit's approach to nominative fair use, Petitioner's use of Respondent's mark does not constitute infringement in this case.